

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

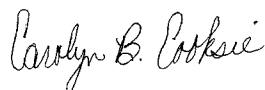
Notice FLP-179

1951-S

For: State and County Offices

Reduction of Amortized Shared Appreciation Agreement (SAA) Recapture Interest Rate

Approved by: Deputy Administrator, Farm Loan Programs



1 Implementing Interest Rate Change for SAA Recapture

A

Background

On August 18, 2000, FmHA Instruction 1951-S, sections 1951.909(e)(2)(viii)(a) and 1951.914 (e)(6) were revised to reduce the interest rate on SAA recapture from the nonprogram interest rate to the Homestead Protection interest rate. Section 818 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, which became effective on October 28, 2000, however, states that the interest rate on amortized SAA recapture will be the Homestead Protection interest rate minus 100 basis points (1 percent). As all existing Shared Appreciation (SA) loans must also be reduced to this rate as of October 28, 2000, future guidance will be issued on converting existing SA loans to the new interest rate.

B

Purpose

This notice implements the change in the interest rate for SAA recapture on new SA loans.

C

**SA Loan
Amortization
and
Reamortization**

From the date of this notice, all SAA recapture which will be amortized or reamortized according to FmHA Instruction 1951-S is to use the Homestead Protection interest rate minus 1 percent.

D

Contact

If there are any questions about this notice, State Offices shall contact Michael Cumpton, LSPMD at 202-690-4014.

Disposal Date

December 1, 2001

Distribution

State Offices; State Offices relay to County
Offices